

IBM Refuse To Guarantee Severance Terms?

One of the biggest concerns LTU has over the outsourcing/offshoring of 500 permanent jobs to IBM is about what's going to happen to the severance terms before staff start being made redundant from next year.

Under the current proposals agreed with Accord, staff could be made redundant in as little as 13 months after transferring to IBM - with their jobs being transferred and consolidated in other UK sites and then offshored to India - on worse severance terms to those provided by the Bank. Post the transfer, IBM could try and dismantle the current severance terms by engaging in a series of sham negotiations with the aim of seeking to replace contractual rights in respect of severance terms with an entitlement to the Statutory Redundancy terms only.

How Much Severance Pay Entitlement Could Staff Lose?

In the table below, we compare the Bank's current

severance terms for Lloyds heritage staff to the Statutory Redundancy terms. This shows starkly just how much IBM could save if it were to make staff redundant on Statutory Redundancy terms rather than the Bank's severance terms.

To illustrate the difference:

- a 52 year old made redundant with 30 years' service and paid a salary of £42,000 would receive a Redundancy Payment of £84,000 under the Lloyds Terms but only £14,250 under Statutory Redundancy Pay.
- a 32 year old made redundant with 8 years' service and paid a salary of £25,000 would receive a Redundancy Payment of £15,385 under the Lloyds Terms but only £5,700 under Statutory Redundancy Pay.

In other words, without an explicit agreement stopping IBM from changing the terms post transfer, staff could face huge losses if made redundant.

Continued overleaf

COMPARISON LBG SEVERANCE TERMS V. STATUTORY REDUNDANCY PAY		
ENTITLEMENT	LTSB TERMS	STATUTORY TERMS
Each completed year's service under age 22	2 weeks	0.5 weeks
Each completed year's service age 22 to 40	4 weeks	1 week
Each completed year's service age 41 and over	6 weeks	1.5 weeks
Maximum Weekly Pay used for calculations	Unlimited	£475
Maximum years used for calculations	20 years / 104 weeks	20 years / 30 weeks

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Longer Term Guarantees Required

To provide staff with some safeguards for the future and assurance of IBM intentions, LTU is demanding that IBM guarantees not to attempt to make any changes to the current severance terms.

This isn't an unreasonable request and would provide LBG staff with at least some peace of mind.

If IBM refuses to provide such a guarantee

that the severance terms will not be changed, staff will rightly ask why not?

Our next Newsletters will focus on terms and conditions and pensions following the outsourcing. In the meantime, members with any questions can email us at 24hours@ltu.co.uk.

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General Secretary

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